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Lowell W. Paxson / Chairman

February 19, 2002

VIA HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

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FEB 20 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: Notification of Ex Parte Communication
CS Docket No. 98-120 /
WT Docket No. 99-168
DA-02-260**

Dear Mr. Canton:

Pursuant to Section 1.1206 of the FCC's rules, this letter is submitted, in duplicate, to advise you that on Friday, January 15, 2002, the undersigned met with Rick Chessen, head of the FCC's DTV Task Force. In this meeting, the undersigned discussed the position of Paxson Communications Corporation that the auction of licenses for the 747-762 and 777-792 MHz bands scheduled for June 19, 2002 must be held on that date and that any delay in the auction date would eliminate any possibility of broadcaster clearing of the Channels 60-69 band and would have a correspondingly negative impact on the DTV transition. In addition, the undersigned provided the attached summary of The PAX Digital Must Carry Proposal to Mr. Chessen and noted that it has previously been provided to the FCC as part of its ongoing rulemaking.

Very truly yours,

Lowell W. Paxson
Chairman
Paxson Communications Corporation

Enclosure

cc: Harry Martin, Esq.
John R. Feore, Esq.
Rick Chessen

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THE PAX DIGITAL MUST CARRY PROPOSAL

1. Television stations may elect to have their analog signals removed from the cable systems and replaced with their digital signals before the end of the digital transition. For the carriage of a digital signals, the main programming would be downconverted by the cable operator to analog and carried on the analog portion of the cable system on the same channel as the analog signal was carried. The remaining free multicast programming portion of the station's digital signal would be carried on the digital portion of the cable system served by the set-top digital boxes and would be used to deliver additional channels of free programming services only, compressed by cable operators into 3 or less MHz. All broadcast station signals should be contiguous to each other.
2. The station's primary digital signal when downconverted to the analog portion of the cable system will utilize 6 MHz of cable analog capacity. The remaining portion of the station's digital signal would be placed on the digital tier of the cable system and would require no more than 3 MHz of cable digital capacity. When a cable operator's digital set-top box penetration reaches 95% of its subscribers, the system could carry all of the broadcast station's signals on the digital tier only. Thus, a DTV station would only require, in the future, 3 or less MHz of a cable operator's digital capacity.
3. This digital must carry election would be applicable to cable systems with 750 MHz of capacity provided that the systems have installed digital head-ends and have digital set-top boxes. The downconverted digital signal (carried on the analog portion of the system) and the multicast digital signals (carried on the digital portion of the system) would be provided as part of the basic cable services provided to all analog cable subscribers and (for the multicast signals) to all basic subscribers with digital boxes. Thus, as digital set-top boxes are deployed by the cable operator, full digital must carry would occur.
4. This digital must carry option would be available on a first-come, first-served basis within the Communication Act's existing 33% cap on the use of cable systems activated channels for must carry purposes. A 750 MHz cable system is required by the 1992 Cable Act

to devote 250 MHz to local television signals. Under the PAX Digital Proposal, such cable system operating even in a market with 20 television stations would devote 120 MHz for the analog portion of the system and another 3 MHz per station ($20 \times 3 = 60$ MHz) on the digital tier for a total of 180 MHz – far below what the 1992 Cable Act requires be devoted to the carriage of such signals. The average market with 10 television stations would require only 90 MHz of a cable system's spectrum leaving 160 MHz, set aside by the FCC for broadcasters, to revert to cable for its own use.

5. All other aspects of the 1992 Cable Act, as it relates to must carry, would apply. Congress directed the FCC only to establish whatever technical changes are necessary in the carriage provisions of the 1992 Cable Act to ensure full cable carriage of broadcasters digital signals. Everything else the FCC has attempted to change in the must carry requests goes beyond this Congressional mandate. The PAX Digital Must Carry Proposal accomplishes what Congress intended and is faithful to the 1992 Cable Act as implemented by the FCC.